CHAPTER 6

SCHEDULES 2, 3, AND 4

6.1   INTRODUCTION

This chapter provides instructions for three continuing elements of the operating Budget Request: the Schedule 2 (an agency summary by Long Bill group), Schedule 3 (an agency summary by line item), and Schedule 4 (an agency summary of fund sources by Long Bill group).   In addition, this chapter will provide instructions for the new "Position and Object Code Report" template which is a result from revising the Schedule 3.   Section 6.2 provides a summary of the key changes to the Schedule 3 since the prior budget cycle. Section 6.3 provides general background and requirements for creating a Schedule 3.   Section 6.4 and section 6.5 provide instructions for the Schedule 2 and Schedule 4, respectively.   Section 6.6 provides instructions for the new "Position and Object Code Report" and Section 6.7 discusses the notification of FTE changes to the JBC as required by HB 08-1321.

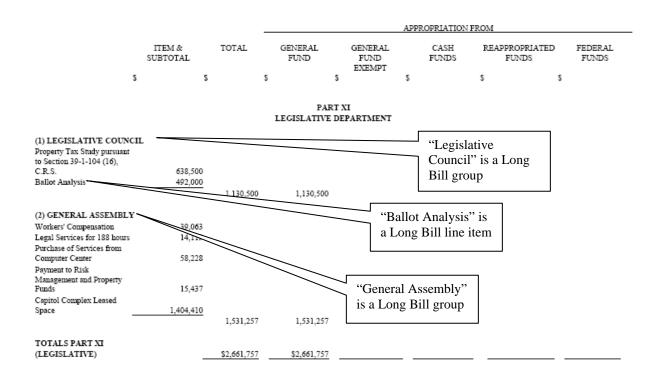## 6.2   KEY CHANGES SINCE PRIOR BUDGET CYCLE

As was disclosed in the OSPB budget instructions for the FY 2008-09 budget cycle, there has been a desire to standardize budget request documents across all agencies.   While some standardization has resulted in cosmetic improvements, OSPB anticipates that these Schedule revisions will also result in additional quality control on calculations, simplification of information for general public consumption, and hopefully some reduction in volume of work at the agency level.

One of the changes for the FY 2009-10 budget cycle is to eliminate the intermingling of object code and position detail in the Schedule 3 and to standardize the format for all line items.   In prior years, departments would have to complete three "sections" or three sets of spreadsheets for each Personal Services line.   Beginning with the FY 2009-10 budget cycle, Schedule 3 entries will denote detail at the bill level only, and will include fund splits for each appropriation change, rather than just at the total.   This means that the Schedule 3 reporting for Personal Services and Operating Expenses line items will mirror all other line items.   This format should provide for simplified reporting of the total appropriation.

However, realizing that a portion of the budget audience values the detailed information regarding actual expenditures by object code and position detail, OSPB is requiring a new, separate reporting template – the "Position and Object Code Report" – to show this finer level of detail.   This new report will only include data from the most recent actual fiscal year, and the differences between that and the current FY 2008-09 appropriation.   This will provide an explanation of current year funding and how it benchmarks to the most completed year. Since the Reconciliation will document changes from the current fiscal year to the request year, agencies will no longer be required to enter in object code or position detail for the estimate or request years. Please refer to section 6.6 for more detail on this new template.

Finally, for the FY 2009-10 request column, the new Schedule 3 requires a bottom-line adjustment (by fund split) to show the net change from the FY 2008-09 Appropriation column. The detail will be provided in the Reconciliation (see chapter 5 for more information about the Reconciliation).

The term Long Bill group is sometimes interchanged with Long Bill Division. Long Bill groups are identified by number. Please see below and more information provided in Chapter 9.

			APPROPRIATION FROM			
ITEM & SUBTOTAL	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
$	$	$	$	$	$	$

PART XI
LEGISLATIVE DEPARTMENT

(1) LEGISLATIVE COUNCIL
Property Tax Study pursuant to Section 39-1-104 (16), C.R.S.   638,500
Ballot Analysis   492,000
                                                                    1,130,500   1,130,500

"Legislative Council" is a Long Bill group

"Ballot Analysis" is a Long Bill line item

(2) GENERAL ASSEMBLY
Workers' Compensation   39,063
Legal Services for 188 hours   14,???
Purchase of Services from Computer Center   58,228
Payment to Risk Management and Property Funds   15,437
Capitol Complex Leased Space   1,404,410
                                                                    1,531,257   1,531,257

"General Assembly" is a Long Bill group

TOTALS PART XI (LEGISLATIVE) $2,661,757 $2,661,757

6.3   SCHEDULE 3 – AGENCY SUMMARY BY LINE ITEM

The Schedule 3 details the build-up of an appropriation and final spending authority for each Long Bill line item, and compares expenditures to final spending authority. The Schedule 3 consists of five columns of data: two actual years, the current year as appropriated, the current year estimated for certain known Supplemental adjustments, and the request year. Each fiscal year reported on the Schedule 3 can be broken down into three main groups of rows: the appropriation / request build-up rows, adjustment to final spending authority rows, and the allocated-to-actual expenditures rows. The following paragraphs outline these groups and further document the required components for reporting information in the Schedule 3.

Departments are required to provide fund splits for each and every dollar amount. Departments with special fund splits, such as those with HUTF or Medicaid Cash Funds must add those rows to the Schedule 2, 3, and 4.

The Appropriation / Request Rows
In addition to the annual appropriations bill (or Long Bill), which provides for nearly all of the State's operating and capital budget, agencies may receive appropriations from "Special Bills" or Supplemental Bills (to revise the original Long Bill appropriation). It is the sum of these appropriations which is reported in the first section of the Schedule 3.

All bills that have an appropriation to an agency's budget must be included on this Schedule. All entries must include all fund splits (not just the total funds impact) and should be labeled first by bill number (e.g. HB XX-XXXX or SB XX-XXX) and then by short bill title.

The only exception to the above instructions pertains to the FY 2009-10 Request Year column. As there will not yet be a Long Bill for this year, agencies should reflect the final appropriation as totaled in the FY 2008-09 Appropriation column in place of the Long Bill entry for the Request year.

At the end of this Appropriations / Request section, agencies must total all entries for each fiscal year to show the final appropriated / requested amount for the line item.

The Adjustment to Final Spending Authority Rows
While appropriations are set in law, agencies are allowed to make certain modifications to these amounts, to adjust spending authority by program or line item. As such, this section provides documentation for the movement of dollars between line items and even fiscal years. When these adjustments are added or subtracted from the appropriated totals from the previous section described above, the resulting total is the final spending authority for the line item.

Allowable adjustments to line items include:
1. POTS transfers (for the two actual years and the estimate year)
2. Other transfers (only for the two actual years and only if allowed through statute)
3. Roll-forwards (only for the two actual years)
4. 1331 Emergency Supplementals (only for the estimate year)
5. Net change from current year appropriation (only for the request year)

The following is an explanation of each of the allowable adjustments:

1. POTS transfers include moving spending authority from lines such as Salary Survey; Performance-based Pay; Health, Life, and Dental; Short-term Disability; SB 04-257 Amortization Equalization Disbursement; and SB 06-235 Supplemental Amortization Equalization Disbursement. As many of these amounts are directly associated with payroll, it is often difficult to separate these expenditures and report them in their original, centrally-appropriated line items. These transfers are made from agencies' Executive Director's Office to the program line items where the expenditures occur.

2. Other transfers will not be applicable to many line items. These transfers can only occur if an agency has specific statutory or footnote authorization to move funding between appropriated line items. This authorization may only be provided for one year, or could be granted indefinitely, depending on the circumstances.

3. Roll-forwards exist when agencies have been granted authority by the State Controller's Office to retain a portion of its appropriation to pay for work that has yet to be completed as of fiscal year close. Since these goods or services have not been received by the State by June 30, the State will not pay the bill for said goods or services until the contract has been fulfilled. For Schedule 3 purposes, agencies should reflect the amount of the roll forward in the year that it is appropriated, but identified in a row labeled "Roll-forwards." That is, the amount should not be shown in the year it is being rolled forward to. Please note, agencies will show these entries as negative values, treating them like expenditures.

4. 1331 Emergency Supplementals should be entered in the current year estimate column if either: 1) the Joint Budget Committee has already heard the Department's emergency request and has approved temporary spending authority (it is not an official appropriation at that time) for such a purpose, or 2) the emergency request has been submitted to the Joint Budget Committee, but has not yet been considered.

Since agencies have already provided detailed documentation for the build-up of the FY 2009-10 Request by line item in the new Reconciliation template, agencies will provide the net change (by fund splits) from the FY 2008-09 Appropriation to the requested amount on the Schedule 3.

Allocated-to-Actual Expenditures Rows
This last section details the amount of resources expended for a line item during the fiscal year as compared to the line item's final spending authority. The amount of resources left unexpended, documented as a positive value, is considered a reversion; a negative value denotes an overexpenditure. Only the two actual years will have entries for this section of the Schedule 3 since there are no actual expenditures to report against for the current or request years. Actual year expenditures should reconcile the amounts recorded on COFRS at year-end close (including payables and roll-forwards). If reported expenditures differ from what is reported in COFRS, departments should use footnotes to explain these variations.

Description of Required Format and Components
The format and template, as shown in Appendix A, outline the expected format for the Schedule 3. In addition to a spreadsheet for each line item, agencies must include in the Schedule 3 a spreadsheet for each subdivision, division, and Long Bill group subtotal as outlined in the Long Bill. The Schedule 3 should also include an agency-wide summary, which will roll-up the individual Long Bill group subtotals to derive the agency's overall appropriation, request, spending authority, and actual expenditures.

For all bills, transfers, POTS expenditures and allocations, 1331 Emergency Supplementals, and actual expenditures reported on the Schedule 3, agencies must show revenue detail by fund source for all entries. Fund sources (General Fund, General Fund Exempt, Cash Funds, Cash Funds Exempt / Reappropriated Funds, and federal funds) should be shown on the Schedule 3 in Long Bill order.

For reporting FTE, agencies should be using raw data on paid hours from the Colorado Personnel and Payroll System (CPPS). From CPPS, agencies should use both full-time and part-time staff

hours to calculate an FTE equivalent (equal to 2,080 hours per FTE). The sum should be reported in the expenditure row of the Schedule 3 and compared to the appropriated FTE resources. Please refer to the new definition of a full-time equivalent as was defined in HB 08-1321 and detailed in 24-75-112, C.R.S. (2007). The total FTE reported in the Schedule 3 must also match the totals reported in the new "Position and Object Code Report".

Lastly, entries to the "FY 2009-10 Base Request" column on the Schedule 3 will be limited to a couple of lines as agencies are submitting the new Reconciliation template which fully details changes from the FY 2008-09 Appropriation column. As such, the Schedule 3 will only include entries for the FY 2008-09 continuation appropriation, and the total change being requested to result in the FY 2009-10 Request. Therefore, the total request *must* match the amounts shown on the Reconciliation for each line item.

6.4   SCHEDULE 2 – LONG BILL GROUP TOTALS

The Schedule 2 is a summary table of final expenditures for the two actual years, the current year's appropriation as of November 1, current year estimated year-end expenditures, and the requested need for the upcoming year. Entries to the Schedule 2 must equal the values reported in the Schedule 3 for each Long Bill group exactly, and should be reported for all five columns, by fund split. See the exhibit (Exhibit 6.1) on the following page for the required format.

Exhibit 6-1
Example of a Schedule 2

Colorado Department of _____
FY 2009-10 Budget Cycle
Schedule 2

	FY 2006-07 Actuals	FTE	FY 2007-08 Actuals	FTE	FY 2008-09 Appropriated	FTE	FY 2008-09 Estimate	FTE	FY 2009-10 Request	FTE
LB Group 1 - Title										
Total Expenditures / Appropriation / Request										
Total Funds	$0	0.0	$0	0.0	$0	0.0	$0	0.0	$0	0.0
General Fund	$0		$0		$0		$0		$0	
General Fund Exempt	$0		$0		$0		$0		$0	
Cash Funds	$0		$0		$0		$0		$0	
Cash Funds Exempt	$0		$0		N/A		N/A		N/A	
Reappropriated Funds	N/A		N/A		$0		$0		$0	
Federal Funds	$0		$0		$0		$0		$0	
LB Group 2 - Title										
Total Expenditures / Appropriation / Request										
Total Funds	$0	0.0	$0	0.0	$0	0.0	$0	0.0	$0	0.0
General Fund	$0		$0		$0		$0		$0	
General Fund Exempt	$0		$0		$0		$0		$0	
Cash Funds	$0		$0		$0		$0		$0	
Cash Funds Exempt	$0		$0		N/A		N/A		N/A	
Reappropriated Funds	N/A		N/A		$0		$0		$0	
Federal Funds	$0		$0		$0		$0		$0	
Department Total										
Total Expenditures / Appropriation / Request										
Total Funds	**$0**	**0.0**	**$0**	**0.0**	**$0**	**0.0**	**$0**	**0.0**	**$0**	**0.0**
General Fund	**$0**		**$0**		**$0**		**$0**		**$0**	
General Fund Exempt	**$0**		**$0**		**$0**		**$0**		**$0**	
Cash Funds	**$0**		**$0**		**$0**		**$0**		**$0**	
Cash Funds Exempt	**$0**		**$0**		**N/A**		**N/A**		**N/A**	
Reappropriated Funds	**N/A**		**N/A**		**$0**		**$0**		**$0**	
Federal Funds	**$0**		**$0**		**$0**		**$0**		**$0**	

6.5   SCHEDULE 4 – LONG BILL GROUP FUND SPLITS

The Schedule 4 is another summary schedule, and like the Schedule 2, which details expenditures for the two actual years, the current appropriation as of November 1, the current year estimated year-end expenditures, and finally the requested need for the upcoming year. Reporting is also at the Long Bill group level; however, this schedule differs from the Schedule 2 in that reported Cash Funds, Cash Funds Exempt / Reappropriated Funds, and federal funds are now detailed by actual revenue source. Therefore, the Schedule 4 denotes both *how much* and from *which* cash fund, fee, source agency, or federal program the reported funding originated.

To complete the Schedule 4, please follow the guidelines below.

- *Cash Funds.* Provide the fund name, COFRS fund number, and the dollars by revenue source.

- *Cash Funds Exempt / Reappropriated Funds.* Provide the fund or transfer agency name, COFRS fund number (if from a cash fund), and the dollars by revenue source.

- *Federal Funds as Included in the Long Bill.* Provide the fund name, COFRS fund number, and dollar amount. Off-budget federal funds do not need to be included in the Schedule 4.

The Schedule 4 fund source totals should reconcile to the Schedule 3. If the totals do not reconcile, provide a brief narrative to clarify the discrepancy. The required format for the Schedule 4 is presented in Exhibit 6-2 below.

Exhibit 6-2
Example of a Schedule 4

Colorado Department of _____
FY 2009-10 Budget Cycle
Schedule 4

	FY 2006-07 Actuals	FY 2007-08 Actuals	FY 2008-09 Appropriated	FY 2008-09 Estimate	FY 2009-10 Request
LB Group 1 - Title					
Total Expenditures / Appropriation / Request					
Total Funds	$0	$0	$0	$0	$0
General Fund	$0	$0	$0	$0	$0
General Fund Exempt	$0	$0	$0	$0	$0
Cash Funds	$0	$0	$0	$0	$0
Fund Name and Number	$0	$0	$0	$0	$0
Fund Name and Number	$0	$0	$0	$0	$0
Cash Funds Exempt	$0	$0	N/A	N/A	N/A
Fund Name and Number	$0	$0	N/A	N/A	N/A
Fund Name and Number	$0	$0	N/A	N/A	N/A
Reappropriated Funds	N/A	N/A	$0	$0	$0
Agency Name	N/A	N/A	$0	$0	$0
Agency Name	N/A	N/A	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
Fund Name and Number	$0	$0	$0	$0	$0
Fund Name and Number	$0	$0	$0	$0	$0

6.6   POSITION AND OBJECT CODE DETAIL REPORT

The Position and Object Code Detail Report is a new report for the FY 2009-10 budget cycle. The Report was created in an effort to continue providing some of the detailed expenditure information previously contained in the Schedule 3 for Operating Expenses and Personal Services line items. This report will require agencies to provide some basic information regarding any underexpenditures in the most recently completed fiscal year and to document changes between the most recently completed fiscal year's appropriation and the current year's appropriation.

Personal Services
In prior Schedule 3 submissions, agencies were required to include two or three separate calculations for Personal Services line items. The official request calculation was based on the prior year's appropriation, plus annualizations, plus base-building Salary Survey and Performance-based Pay increases, and finally a vacancy savings reduction. In addition to this calculation, agencies were required to include actual or anticipated position detail depending on the fiscal year being reported. OSPB has removed this detail from the Schedule 3 and included it in a separate report.

Agencies will report actual position detail for the most recently completed fiscal year. Both hours (converted to FTE) and dollar amounts should be grouped by occupation type to arrive at a total FTE and expenditure for full and part-time permanent employees. Agencies may not convert contractor costs, temporary employee services, sick and annual leave payouts, incentive awards, unemployment insurance payments, or any other expenses paid from the line item to FTE. Ultimately, the sum of all full and part-time employee hours – divided by 2,080 – must equal the total amount of FTE reported on the Schedule 3.

Finally, agencies must explain any unexpended resources for the most recently completed fiscal year being reported, and explain any annualizations or approved budget actions that, when added to the prior year's appropriation, result in the current year's appropriated resources for the line item. Since agencies are often given flexibility in how to utilize resources for program lines that include both personal services and operating appropriations as one single line item, please adjust the Position and Object Code Detail report so that the sum total of expenditures (both personal services and operating) are being compared to the total final spending authority. From there, any underexpenditure should still be explained.

The required format for the Position and Object Code Report is presented in Appendix A.

Operating Expenses
For operating expenditure reporting, agencies should continue to report expenditures for the most recently completed fiscal year by COFRS object codes. Ultimately, the summation of all object code expenditures should result in an amount less than or equal to the final spending authority for the line item (unless an overexpenditure occurred). Whatever amount remains should then be documented and accompanied by a short explanation as to why all funds were not utilized. Reasons could be as simple as "negotiated costs came in less than anticipated" to more substantial issues such as "a delay in federal approval to begin a program, which resulted in

lower than budgeted expenditures."   Through this process, agencies will denote where appropriated resources were expended and why certain budgeted amounts were not fully utilized.

Following this summary of the most recent fiscal year, agencies will need to provide documentation to build from the final appropriated amount for operating expenses in the most recently completed fiscal year to the current year appropriated amount. Entries will include such things as "removal of one-time funding", "annualization or approval of Decision Item #_", or "Joint Budget Committee action to increase / decrease line for ____". In this manner, agencies will identify the relationship between the prior year and the current year's appropriations. Through the new Reconciliation report, agencies will have already documented the relationship from the current year appropriation to the request year.

6.7   POSITION AND OBJECT CODE DETAIL REPORT

HB 08-1321 moved the majority of the former Long Bill headnotes into substantive law, thereby considerably decreasing the number of headnotes in the Long Bill. HB 08-1321 includes a number of definitions, including one for "FTE" or "Full Time Equivalent." The bill also states that:

> The number of FTE specified in a particular item of appropriation is the number utilized to calculate the amount appropriated and necessary to fund any combination of part-time positions or full-time positions equal to such number for the fiscal year ... and is not a limitation on the number of FTE that may be employed. No department shall make a material change in the number of FTE specified in a particular item of appropriation prior to notifying the joint budget committee in writing of such change.

Departments must provide a letter addressed to the Joint Budget Committee Chair, for OSPB review and approval prior to submission to the JBC, in the following situations:

1. The department has made a conscious decision to decrease FTE by at least 25% within the appropriated dollars of a line item. This would most likely happen by a department eliminating positions or holding positions vacant in order to use the funding in other ways, such as for contractors, temporaries, or part time positions. For example, if a department is appropriated 50 FTE in a line item, and chooses to manage to 37.5 FTE in order to fund temporary staff, the department shall prepare a letter.

2. The department has made a conscious decision to increase FTE by at least 10% within the appropriated dollars of a line item. This would most likely happen by a department decreasing classification or salaries for certain types of positions so that more positions should be hired. The result is that the FTE as noted in the Long Bill plus Special Bills is exceeded by 10%. For example, during an emergency, a department with a 10.0 FTE line item uses three vacancies to hire 6 administrative assistants for positions that used to be classified as General Professional VI. The department's FTE count is increased to 13 FTE, which is 33% higher than the FTE noted in the Long Bill plus Special Bills.

3. The department has attempted to manage to the amount of FTE in the Long Bill plus Special Bills but was unable to stay below 110% of that number. Whenever the department realizes that it will exceed the FTE count in the Long Bill plus Special bills by 10%, it must prepare a letter to the Joint Budget Committee and provide it to OSPB within 30 days.

4. The department becomes aware that it will significantly exceed or fall below the FTE allocated for a specific project or line item that may not meet the criteria listed above, but knows that the issue is of specific concern to the Joint Budget Committee. The Joint Budget Committee may express such concerns during Hearings, Figure Setting, or other avenues. Once the department becomes aware, the department will present a letter addressed to the JBC to OSPB for review. OSPB will determine if the change is material and direct the department to submit or not submit the letter.